



Town Manager's Office

TOWN COUNCIL REPORT

DATE: September 14, 2015

TO: Mayor and Councilmembers

FROM: Greg Caton, Town Manager
Stacey Lemos, Finance Director

SUBJECT: Troon Food & Beverage Totals for July 2015 and Community Center & Golf Fund Financials for July 2015

This report is intended to address Councilmember Zinkin's comment from the September 2nd regular Council meeting regarding his request to see the monthly revenues and expenses from the food and beverage operations managed by Troon at the Oro Valley Community and Recreation Center. Also attached to this Town Council Report are the consolidated July financials for the Community Center & Golf Fund. These financials will be included on the October 7, 2015 regular Council meeting for approval.

DISCUSSION

Attachment 1 is the financial report for the Community Center and Golf Fund showing the consolidated summary of all operations at the Community & Recreation Center. Total actual revenues for the Troon-managed operations were \$178,664 for the month, while total actual revenues for the Town-managed operations were \$42,722 for the month. The half-cent sales tax collections for July were \$130,032 for total overall revenues in the fund of \$351,418.

Also attached to this report is the July income statement (Attachment 2) prepared by Troon for the food and beverage operations at the Community & Recreation Center. More specifically, this attachment includes revenues and expenses associated with the La Vista Restaurant, the Garden Café, banquet and catering activities and beverage cart operations for the month of July. Total revenues were \$34,002 and total expenses were \$71,043 for a net loss of \$37,041. While revenues exceeded budget by \$1,380, or 4%, expenses were higher than budget due primarily to 4th of July holiday pay, increased overtime due to staff vacancies and cost of sales for food.

Total actual expenditures for the Troon-managed operations were \$581,791, while total actual expenditures for the Town-managed operations were \$35,494. Troon-managed operations generated a net loss for the month of \$403,127, while Town-managed operations generated a net surplus of \$7,228 for the month.

Some of the factors that contributed to the net loss in the Troon-managed operations were as follows:

- Loss of a large golf tournament that El Conquistador hosted in July 2014, which went to Omni Tucson National this year. Troon is working toward recruiting this tournament back to our course for 2016.
- Due to timing of aerification, Troon only had all courses open for six days in July.

- Merchandise sales were down significantly due to aggressive markdowns and movement to reduce inventory.
- Golf dues memberships were down due to the loss of 60+ golf members at the beginning of the summer due to the initiation fee being dropped under Town ownership. Staff feels strongly that many of these members will return in the fall and begin new memberships.
- Utility expenses were higher than anticipated due to lack of monsoon rains and the need to pump more water for irrigating the course.

The Troon-managed operations line item detail is also included as Attachment 3.

RECOMMENDATION / CONCLUSION

This report is for information only.



Community Center & Golf Fund

% Budget Completion through July --- 8.3%

REVENUES:

CONTRACTED OPERATING REVENUES

	Actuals thru 7/2015	Budget	% Actuals to Budget
Golf Revenues	43,250	1,771,106	2.4%
Member Dues (Golf)	65,377	1,370,867	4.8%
Tennis Revenues	24,923	279,837	8.9%
Food & Beverage	34,002	850,852	4.0%
Merchandise & Other	11,112	469,671	2.4%
	178,664	4,742,333	3.8%

TOWN OPERATING REVENUES

Daily Drop-Ins	1,690	27,550	6.1%
Member Dues	37,679	526,480	7.2%
Recreation Programs	3,353	84,000	4.0%
Tournaments	-	7,200	0.0%
Facility Rental Income	-	13,200	0.0%
	42,722	658,430	6.5%

OTHER REVENUES

Local Sales Tax	130,032	2,000,000	6.5%
	130,032	2,000,000	6.5%

TOTAL REVENUES

351,418 7,400,763 4.7%

Year End Estimate *	YE % Variance to Budget
1,771,106	0.0%
1,370,867	0.0%
279,837	0.0%
850,852	0.0%
469,671	0.0%
4,742,333	0.0%
27,550	0.0%
526,480	0.0%
84,000	0.0%
7,200	0.0%
13,200	0.0%
658,430	0.0%
2,000,000	0.0%
2,000,000	0.0%
7,400,763	0.0%

EXPENDITURES:

CONTRACTED OPERATING EXPENDITURES

Personnel	239,599	2,638,457	9.1%
Operations & Maintenance	342,192	3,622,219	9.4%
	581,791	6,260,676	9.3%

TOWN OPERATING EXPENDITURES

Personnel	34,246	462,517	7.4%
Operations & Maintenance	575	225,140	0.3%
	34,821	687,657	5.1%

CAPITAL OUTLAY

673 1,115,000 0.1%

TRANSFER TO GENERAL FUND

- 120,000 0.0%

TOTAL EXPENDITURES

617,285 8,183,333 7.5%

Year End Estimate *	YE % Variance to Budget
2,638,457	0.0%
3,622,219	0.0%
6,260,676	0.0%
462,517	0.0%
225,140	0.0%
687,657	0.0%
1,115,000	0.0%
120,000	0.0%
8,183,333	0.0%

SURPLUS / (DEFICIT)

(265,867) (782,570)

(782,570)

BEGINNING FUND BALANCE

1,025,222

Plus: Surplus / (Deficit)

(782,570)

ENDING FUND BALANCE **

242,652

* Year-end estimates are subject to further revision

** Ending fund balance amounts are estimates and are subject to further revision

EL CONQUISTADOR
INCOME STATEMENT CONSOLIDATED - RESTAURANT/GRILLE - JULY 2015

	ACTUAL MONTH	BUDGET MONTH	ACTUAL Y-T-D	BUDGET Y-T-D
FOOD & BEVERAGE REVENUE	34,002	32,622	34,002	32,622
TOTAL REVENUES	34,002	32,622	34,002	32,622
COST OF SALES	14,172	10,550	14,172	10,550
PAYROLL & BENEFITS	49,339	36,808	49,339	36,808
OPERATING EXPENSES	7,531	7,501	7,531	7,501
NET INCOME (LOSS)	(37,041)	(22,237)	(37,041)	(22,237)

TROON
El Conquistador Cash Flow Statement

	Actual Jul-15	Original Budget TOTAL
<i>Revenues:</i>		
Golf Fees, net of discounts	41,097	1,456,271
Member Golf Fees, net of discounts		180,000
Range, Rentals, Other Golf related	1,368	127,735
Golf Lessons	785	7,100
Total Member Dues	65,377	1,370,867
Swim/Tennis Revenues	24,923	279,837
Merchandise, net of discounts	11,112	469,671
Food and Beverage, net of discounts	34,002	850,852
Total Revenues	178,664	4,742,333
<i>Cost of Sales:</i>		
COS - Golf	-	17,690
COS - Golf Lessons	692	5,680
COS - Service Commissions	14,268	161,791
COS - Merchandise, net of discounts	9,877	299,527
COS - Food & Beverage	14,172	267,418
Total Cost of Sales	39,009	752,105
Gross Profit	139,655	3,990,228
<i>Operating Expenses:</i>		
Payroll	193,325	2,182,859
Employee Benefits	40,630	406,314
Employee Related	5,644	49,284
Professional Fees		3,975
Advertising & Marketing	5,213	77,768
Repair & Maintenance	53,817	488,050
Operating Expenses	27,627	413,791
Total Operating Expenses	326,256	3,622,041
Operating Profit	(186,601)	368,186
Leases - Carts	16,440	105,000
Leases - Equipment	19,605	228,000
Utilities	168,472	1,320,391
Fixed Operating Expenses	204,517	1,653,391
Gross Operating Profit	(391,118)	(1,285,205)
Insurance		85,520
Fees, Permits & Licenses	9	3,619
Base Management Fees	12,000	144,000
Total Other Expenses	12,009	233,139
Net Operating Income (Loss)	(403,127)	(1,518,343)